

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

LAURENCE GALE EPSTEIN

SDO- 85 - 00

FINAL ORDER TO CEASE AND DESIST

Case No. 98-10-344

THE STATE OF WASHINGTON TO: Laurence Gale Epstein

On July 13, 2000, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist, SDO-72-00, to Laurence Gale Epstein. The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing and an Application for Adjudicative Hearing, were personally served on Laurence Gail Epstein on July 19, 2000. The Notice of Opportunity for Hearing advised Mr. Epstein that he had twenty days from the date he received the notice to file a written application for an administrative hearing. Mr. Epstein returned the Application for Adjudicative Hearing, dated August 7, 2000, stating that he did not request a hearing in the matter. The Securities Administrator therefore will adopt as final the following findings of fact and conclusions of law:

FINDINGS OF FACT

I.

RESPONDENT

At all times material to this order, Laurence Gale Epstein ("Epstein") was a Washington resident. From 1989 until 1995, Epstein was a registered securities salesperson in the State of Washington. In September 1996, Epstein was prohibited by the Washington Securities Division from becoming a registered securities salesperson for a period of five years for borrowing funds from customers. In November 1996, Epstein was barred by the National Association of Securities Dealers for exercising discretion without the customer's prior written authorization and for recommending securities without having reasonable grounds to believe that the recommendations were suitable for the customer. In February 1997, Epstein filed for Chapter 13 bankruptcy.

FINAL ORDER TO CEASE AND DESIST

1 II.

2 RESPONDENT'S OFFERS AND SALES OF STOCK

3 From 1997 through 1999, while Epstein was prohibited from becoming a registered securities salesperson in the
4 State of Washington, Epstein effected more than a dozen transactions in which he offered and sold more than \$100,000
5 worth of stock issued by at least six different corporations to at least eight Washington investors. In connection with the
6 offers and sales of stock, Epstein failed to give the investors any financial statements for the corporations issuing the
7 stock. In connection with the offers and sales of stock, Epstein failed to give the investors a prospectus and failed to
8 disclose the risks of the investments, the intended use of the investors' funds, the background and experience of the
9 corporations' managers or the commissions that Epstein would earn on each investment. Epstein failed to disclose to the
10 investors that he had been prohibited by the Washington Securities Division from becoming a registered securities
11 salesperson, that he was barred by the NASD and that he had filed for Chapter 13 bankruptcy.

12 In some cases, Epstein failed to deliver the stock certificates that were purchased by the investors. At least two
13 of the investors who did not receive their stock certificates were elderly persons with limited resources who had been
14 long-time clients of Epstein when he was a registered securities salesperson and who relied upon Epstein to recommend
15 and deliver relatively low-risk investments.

16 III.

17 UNREGISTERED SECURITIES

18 The stock described in Paragraph II was not registered for sale in the State of Washington.

19 IV.

20 UNREGISTERED BROKER-DEALER AND SALESPERSON

21 From 1997 through 1999, Laurence Gale Epstein was not registered as a securities salesperson or broker-dealer in
22 the state of Washington.
23
24

V.

THREAT TO THE INVESTING PUBLIC

The Securities Administrator finds that Epstein's willful violations of the securities salesperson registration provisions through his repeated sales of unregistered stock without disclosing the risks of the investments and his failure to deliver the stock that he sold constitutes a threat to the investing public.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

I.

The offer and sale of the investments described above constitutes the offer and sale of a security as defined in RCW 21.20.005(10) and (12), to wit: stock.

II.

The offer and sale of said securities is in violation of RCW 21.20.140 because no registration for such offer or sale is on file with the Washington Securities Administrator.

III.

Laurence Gale Epstein has violated RCW 21.20.040 by offering and selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

IV.

The offer and sale of said securities was made in violation of RCW 21.20.010 because, as described in paragraph II of the Findings of Fact, in connection with the offer and sale of the securities, Epstein made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made not misleading to investors.

V.

The Securities Administrator finds that an emergency exists, that Epstein's continued violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140 constitute a threat to the investing public, and that a summary order to cease and desist from those violations is in the public interest and necessary for the protection of the investing public.

ORDER

Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED that Laurence Gale Epstein and his employees, agents and representatives shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Laurence Gale Epstein and his employees, agents and representatives shall each cease and desist from violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act.

IT IS FURTHER ORDERED that Laurence Gale Epstein and his employees, agents, and representatives shall each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

DATED this 18th day of August 2000.



DEBORAH R. BORTNER
Securities Administrator

Approved by:

Michael E. Stevenson
Chief of Enforcement

Presented by:

Janet So
Securities Examiner

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